

## INSURANCE DIVISION[191]

## Adopted and Filed

Pursuant to the authority of Iowa Code sections 505.8 and 514D.9, Iowa Code chapter 514G, and 2008 Iowa Acts, House File 2694, section 12, the Insurance Division hereby adopts amendments to Chapter 39, "Long-Term Care Insurance," Iowa Administrative Code.

The chapter, among other things, promotes the availability of long-term care insurance and establishes standards for long-term care insurance. The Iowa Insurance Commissioner has the authority to adopt rules for full and fair disclosure of the terms and benefits of a long-term care insurance policy and for establishing standard provisions for terms and benefits required to be included in a long-term care insurance policy, pursuant to Iowa Code sections 514D.9 and 514G.7(1)(2007) and 2008 Iowa Acts, House File 2694, section 12.

In 2003, Iowa adopted updates to the National Association of Insurance Commissioners model act regarding long-term care insurance. One provision of the model requires insurers to meet more stringent standards to justify a premium rate increase for a long-term care insurance policy issued after 2003. The new subrule will provide a key part of those same protections to consumers when insurers seek premium rate increases for policies issued prior to 2003. Under the new subrule, when an insurer raises premiums, the insurer will be required to offer a reduced benefit option and, under certain circumstances, a contingent benefit upon lapse. The subrule will become effective January 1, 2009, and insurance producers and companies must be able to demonstrate compliance by January 1, 2009.

Notice of Intended Action was published in the Iowa Administrative Bulletin on September 24, 2008, as **ARC 7200B**. A public hearing was held on October 14, 2008, at 10:30 a.m. at the offices of the Iowa Insurance Division, 330 Maple Street, Des Moines, Iowa 50319. No comments were received. No changes were made to the Notice.

This amendment is intended to implement Iowa Code chapters 514D and 514G and Iowa Code Supplement section 505.8 as amended by 2008 Iowa Acts, House File 2694, section 1.

This amendment will become effective January 1, 2009.

The following amendment is adopted.

Adopt the following new subrule 39.29(14):

**39.29(14)** Notwithstanding subrule 39.29(10), if an insurer requests a premium rate increase on any long-term care policy issued prior to February 1, 2003, the commissioner shall require as a condition of approval of such premium rate increase that the insurer provide notice to all affected policyholders and certificate holders that, in lieu of the requested premium rate increase, the insured may opt for one of the following:

*a.* A reduced benefit. The insurer may limit any reduction in coverage to plans or options available for that policy form and to those for which benefits will be available after consideration of claims paid or payable. The age used to determine the premium for the reduced coverage shall be based on the age used to determine the premiums for the coverage currently in force. The reduced benefit offered may include one or more of the following:

- (1) A reduced daily, weekly, or monthly benefit;
- (2) A longer waiting period;
- (3) A reduced benefit period or a reduced maximum lifetime benefit; or
- (4) Any other benefit or coverage reduction option consistent with the policy or certificate design or the carrier's administrative processes.

*b.* A contingent benefit upon lapse as described in subrules 39.29(7), 39.29(8), 39.29(9), and 39.29(12) if the requested premium rate increase results in a cumulative increase of the annual premium equal to or exceeding the percentage of the insured's initial annual premium set forth in paragraph 39.29(6) "c."

- c.* Any other alternative mechanism filed by the insurer and approved by the commissioner.

[Filed 10/30/08, effective 1/1/09]

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 11/19/08.